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GM, IR, AF

SUBJECT: NEW DEFENSE MINISTER ZU GUTTENBERG ON MANDATES,
OPEL, IRAN

Classified By: AMBASSADOR PHILIP D. MURPHY. REASONS: 1.4 (B) AND (D).

¶1. (C) SUMMARY. During a November 5 introductory meeting, new Defense Minister Karl Theodor zu Guttenberg told Ambassador Murphy that one of his immediate challenges was dealing with five separate Bundeswehr mandates that come up for renewal in December, which is complicated by uncertainty about how the Social Democratic Party (SPD) will act in opposition. He confirmed that the ISAF mandate will probably be rolled over largely unchanged, with any significant modifications to German engagement coming only after the planned international conference on Afghanistan. Drawing on his recent experience as Economics Minister, zu Guttenberg said it was important to manage the political fallout over the GM decision on Opel to ensure that there would be no long-lasting negative effects on the bilateral relationship. He also highlighted the need to address German rumors and sensitivities regarding enforcement of U.S. trade sanctions against Iran. Zu Guttenberg did not raise the continuing political fallout over the September 4 Kunduz air strike or FM Westerwelle's call for withdrawal of all remaining nuclear weapons from Germany. END SUMMARY.

BUNDESWEHR MANDATES

¶2. (C) Zu Guttenberg said one of his immediate challenges was dealing with the prolongation of a number of parliamentary mandates for overseas military deployments that will expire in December, including ISAF, AWACS (Afghanistan), OEF (maritime), EU Althea (Bosnia) and EU Atalanta (counterpiracy). He noted that he was already trying to adopt a new style of public communications that was more clear and "blunt" about why these mandates were important. He said getting the mandates approved was tricky because of uncertainty about how the Social Democratic Party (SPD) would act now that it was out of government. There was a good chance that the SPD could abandon its broad support for the mandates "in as little as two months" and join forces with the Greens and the Left and present the government with a united opposition, which had not been an issue for the previous CDU-CSU/SPD Grand Coalition government. He said another complication was that the CDU/CSU's new coalition partner -- FM Westerwelle's Free Democratic Party (FDP) -- had a lot of catching up to do after being out of government for 11 years.

¶3. (C) On the ISAF mandate, he confirmed that it would probably be rolled over largely unchanged in December. Any significant changes to the German engagement would only come after the proposed international conference on Afghanistan, which the Germans still hoped could be held by the end of

January, before the February 5-7 Munich Security Conference. Zu Guttenberg noted that what would happen with the separate AWACS mandate for Afghanistan was "still open." Zu Guttenberg emphasized that much depended on whether NATO would have the necessary arrangements (i.e., stationing and overflight rights) in place by then to deploy the aircraft. Ambassador Murphy emphasized that the U.S. had deep appreciation and respect for Germany's contribution to the international effort in Afghanistan.

FALLOUT OVER GM DECISION ON OPEL

14. (C) Zu Guttenberg (Christian Social Union - CSU) said that the sudden reversal by General Motors regarding the sale of Opel and the lack of transparency leading up to the announcement had led to "irritations" within the German government, including with the Chancellor herself. Unfortunately, the news, which came just as the Chancellor was departing Washington on the return to Berlin, had overshadowed all the positive aspects of her visit. Zu Guttenberg stressed that going forward, it would be important to address "rumors" in Germany about what the U.S. Administration knew or should have known about the GM decision in advance. Many found it hard to believe that Treasury Secretary Geithner or other Administration officials did not know what was coming. Ambassador Murphy pointed out that GM did not draw on USG funds in putting together its new plans for Opel and therefore, Treasury and other USG officials were not, in fact, in the loop.

IRAN

BERLIN 00001415 002 OF 002

15. (C) Zu Guttenberg noted that the Chancellor had been very clear about German policy toward Iran in her November 3 speech to Congress, which was exactly in line with that of the U.S. Zu Guttenberg, drawing on his recent experience as Economics Minister, said that in order to keep the German business community on board with trade sanctions, it was important to address rumors that U.S. firms were using Dubai as a "platform" for getting around the restrictions. Zu Guttenberg also gave the Ambassador a friendly warning that there were still some "sensitivities" in German circles regarding the U.S. Treasury's direct and "undiplomatic" intervention in Germany a few years ago regarding U.S. sanctions imposed against Bank Melli. On the Dubai point, Ambassador Murphy assured Zu Guttenberg that the U.S. Treasury Department took the trade sanctions against Iran very seriously and "went after" any U.S. companies suspected of violating them.

BALKANS

16. (C) Zu Guttenberg noted that the situation in Bosnia was not developing positively, with old nationalist tensions re-emerging, but said he had not yet reached a "personal conclusion" whether the Office of the High Representative (OHR) should remain open. He noted that the current High Rep Valentin Inzko (Austria) is an "old friend" of his. On Kosovo, he thought the situation was "not too bad right now," but thought the international community still had to be "cautious."

BILATERAL RELATIONS

17. (C) Ambassador Murphy noted with appreciation the Chancellor's emphasis on the positive role played by U.S. military forces stationed in Germany in the past and currently in her November 3 speech before Congress. Zu Guttenberg agreed that the presence of U.S. troops continued to have positive spill-over effects in fostering a close societal bond between the U.S. and Germany. He noted that American troops had long been stationed in Bamberg, near his home town in northern Bavaria, so he had personal experience with this phenomenon and understood its importance.

VISIT TO U.S.

18. (C) Zu Guttenberg plans to visit the United States to meet senior U.S. Administration officials the week of November 16.

MURPHY